

pharmaceutical companies, investment in marketing, advertising and administration was more than double the investment in R&D. At Pfizer, for example, 39% of the net revenue, more than \$11 billion, went to these expenses, while only 15% of revenues were devoted to R&D.

It is unquestionable that the research and development of new drugs is an expensive process. However, if the pharmaceutical industry intends to claim that it cannot afford research if drug prices for seniors are reduced, perhaps they ought to more carefully consider their priorities. Clever marketing ploys that influence physician prescribing habits do little to actually save lives, but do much to increase corporate profits.

Denying the pharmaceutical industry the ability to deduct expenditures for gifts to physicians is a solid step toward providing Americans with access to more lifesaving drugs. By redirecting drug company promotional expenditures to their R&D budgets, the American public would reap the benefit of increased medical breakthroughs. Gifts from pharmaceutical companies do not improve health care for patients.

This bill I am introducing today eliminates the tax incentives currently in place that encourage drug companies to continue to give gifts to doctors to influence their prescribing. It is my hope that the industry will redirect these dollars from existing gift practices to R&D. The pharmaceutical industry claims it needs financial help to increase R&D efforts. This bill gives them billions of new dollars for precisely that purpose. I urge the pharmaceutical industry to use these funds more wisely. I hope that my colleagues will join with me in supporting this endeavor to increase investment in the research and development of life saving drugs in the private sector.

[From the New York Times, Nov. 16, 2000]

HIGH-TECH STEALTH BEING USED TO SWAY DOCTOR PRESCRIPTIONS

(By Sheryl Gay Stolberg and Jeff Gerth)

As a busy internist, Dr. Bruce Moskowitz frequently prescribes cholesterol-lowering medicines and osteoporosis drugs for his elderly patients. Like most physicians, he is no stranger to pharmaceutical sales representatives, and he often chats with them about his preference in medication.

But the drug companies know more about Dr. Moskowitz than he realizes. Over the past decade, with the advent of sophisticated computer technology, pharmaceutical manufacturers have been quietly compiling resumes on the prescribing patterns of the nation's health care professionals, many of whom have no idea that their decisions are open to commercial scrutiny.

These "prescriber profiles" are the centerpiece of an increasingly vigorous—and apparently successful—effort by drug makers to sway doctors' prescribing habits. To create them, pharmaceutical marketers are buying information from pharmacies, the federal government and the American Medical Association, which generates \$20 million in annual income by selling biographies of every American doctor.

The profiles do not contain patient names. But they do offer drug companies a window into one half of the doctor-patient relationship. And they are raising important public policy questions, both about the privacy of doctors' prescribing decisions, and how much commercial pressures influence them. "As an extension of the doctor-patient relationship, doctors are entitled to privacy," said Law-

rence O. Gostin, an expert in health privacy at the Georgetown University Law Center.

In describing the profiles as "a fundamental violation" of that privacy, Mr. Gostin said they also raise "an extremely important policy question, which is to what extent are health care prescribing practices influenced by commercial concerns?"

That question is now front and center in the political debate. With the price of prescription medication high on the national agenda, the impact of marketing on the cost of pharmaceuticals is at issue. But while the public discussion has focused largely on the recent trend toward advertising directly to patients, the industry still spends most of its money wooing doctors.

Of the \$13.9 billion that the drug companies spent promoting their products last year, 87 percent, or about \$12 billion, was aimed at doctors and the small group of nurse practitioners and physicians' assistants who can prescribe some medications, about one million prescribers all told.

"The pharmaceutical industry has the best market research system of any industry in the world," said Mickey C. Smith, a professor of pharmaceutical marketing at the University of Mississippi. "They know more about their business than people who sell coffee or toilet paper or laundry detergent because they truly have a very small group of decision makers, most of whom still are physicians."

Pharmaceutical sales representatives have been a staple of American medicine for decades. Their courtship of doctors is intensive and expensive, and their largess runs the gamut, from trinkets like prescription pads and pens, to staff lunches at hospitals and medical offices and offers of free weekends at resorts.

Prescriber profiles play a significant role in the courtship; pharmaceutical marketers say they use the reports to help determine which doctors should be offered certain perks. And the perks themselves worry ethics officials at the American Medical Association, who are trying to discourage doctors from accepting them, even as the association's business side sells information that facilitates the giving of gifts.

Dr. Moskowitz, of West Palm Beach, Fla., is one example. In late August, he received an invitation from two drug companies, the Bayer Corporation and SmithKline Beecham, asking him to a private dinner at the Morton's of Chicago Steakhouse, an expensive chain restaurant not far from his West Palm Beach office, on the evening of Sept. 18.

The topic was high cholesterol, including an update on Baycol, a drug the two companies jointly market. For his feedback, Dr. Moskowitz would be designated a consultant and given a \$250 honorarium, along with his choice entree. He declined.

"Drug companies ask me, How can we change your prescribing, what would it take, do you want to serve as a consultant?" Dr. Moskowitz said. "The schemes get more and more desperate."

Although most doctors do not believe that such entreaties affect their professional behavior, some studies suggest otherwise. Dr. Ashley Wazana, a psychiatry resident at McGill University in Montreal, recently analyzed 29 studies on the effects of gifts to doctors.

Published in January in *The Journal of the American Medical Association*, Dr. Wazana's analysis found an association between meetings with pharmaceutical representatives and "awareness, preference and rapid prescribing of new drugs and decreased prescribing of generics."

His conclusion? "We are influenceable," Dr. Wazana said.

In an effort to save money, and also to avoid this influence, some clinics and hospitals have imposed a ban on free drug samples and visits from sales representatives and discourage doctors from taking consulting fees like the one offered by Bayer and SmithKline Beecham.

Among them is the Everett Clinic in Washington State, a group practice of 180 doctors that cares for 250,000 patients. Its officials say that drug costs have declined since the ban.

"Pharmaceutical marketing would often lead to physicians prescribing more costly medicines than are necessary," the clinic's medical director, Dr. Al Fisk, said.

But Dr. Bert Spilker, a senior vice president with the Pharmaceutical Research and Manufacturers of America, an industry trade group, said marketing "serves an essential function in the health care delivery system" by helping to educate doctors, so they can prescribe drugs more appropriately.

Drug companies, however, are often reluctant to disclose details about their marketing efforts, particularly the use of prescriber profiles.

"If we talk about what we do and how we do it," said Jan Weiner, a spokeswoman for Merck & Company, "then our competitors will know a whole lot more than they know now."

THE A.M.A. MASTER LIST

Singling out doctors is not new, but detailed prescriber profiles have been available only since the early 1990's, when most pharmacies adopted computer systems to process insurance claims, said Pat Glorioso, a marketing executive at I.M.S. Health, a leading pharmaceutical market research concern and one of two companies that specialize in collecting records of pharmacy sales.

Through the profiles, a drug company can identify the highest and lowest prescribers of a particular medicine in a single ZIP code, county, state or the entire country. They can learn, for example, which antidepressants a particular psychiatrist favors.

"It's very flexible in the way we can slice and dice the information," Ms. Glorioso said. "As technology has improved, we have just ridden that wave."

When pharmacies sell records of prescription drug sales, they do not show names of patients or, in some cases, their doctors. But those records are typically coded with identification numbers issued by the Drug Enforcement Administration to doctors for the purpose of tracking controlled substances. The government sells a list of the numbers, with the corresponding names attached, for fees that can run up to \$10,200 a month, depending on how widely the list will be distributed.

The American Medical Association, meanwhile, sells the fights to what it calls its "physicians' master file" to dozens of pharmaceutical companies, as well as I.M.S. Health and other market research concerns. Though only about 40 percent of American doctors are dues-paying members of the medical association, the database has detailed personal and professional information, including the D.E.A. number, on all doctors practicing in the United States.

Pharmaceutical marketers consider the master file the gold standard for reference information about doctors. Combined with the records of pharmacy sales, the file helps create portraits of individual doctors, their specialties and interests. As the nation's largest doctors' group, the medical association has maintained the master file for nearly 100 years, and has licensed it for more than 50. It is so complete, A.M.A. officials say, that even the dead are included.